

DELTA-SCHOOLCRAFT INTERMEDIATE
SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2023

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

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*Schneider, Larche,
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**CERTIFIED PUBLIC ACCOUNTANTS
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January 22, 2024

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Delta-Schoolcraft Intermediate School District
Escanaba, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delta-Schoolcraft Intermediate School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Delta-Schoolcraft Intermediate School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Delta-Schoolcraft Intermediate School District, as of June 30, 2023, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Delta-Schoolcraft Intermediate School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Delta-Schoolcraft Intermediate School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Delta-Schoolcraft Intermediate School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Delta-Schoolcraft Intermediate School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules for the

pension and other postemployment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delta-Schoolcraft Intermediate School District's basic financial statements. The combining and individual nonmajor fund financial statements, schedule of taxable valuations, tax rates and tax levies, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of taxable valuations, tax rates and tax levies, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2024, on our consideration of Delta-Schoolcraft Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Delta-Schoolcraft Intermediate School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Delta-Schoolcraft Intermediate School District's internal control over financial reporting and compliance.

Schneider, Lavone, Haapala & Company, PLLC
Certified Public Accountants

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the year ended June 30, 2023

Delta-Schoolcraft Intermediate School District Management’s Discussion and Analysis is intended to assist the reader in focusing on significant financial issues to provide an overview of the District’s financial activities, identify changes in the District’s financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” and is intended to provide the financial results for the fiscal year ended June 30, 2023.

Generally accepted accounting principles (GAAP) according to GASB 34, requires the reporting of two types of financial statements: District-wide Financial Statements and Fund Financial Statements. These statements are organized so the reader can understand the Delta-Schoolcraft Intermediate School District’s financial condition as a whole. The financial report includes the following:

Financial Section

Management’s Discussion and Analysis

(MD&A)

(Required Supplemental Information)

Basic Financial Statements

District-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

Required Supplemental Information

(Other than MD&A expanded)

BASIC FINANCIAL STATEMENTS

District-wide Financial Statements

The District-wide statements provide a perspective of the District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two District-wide statements: the Statement of the Net Position and the Statement of Activities. These two statements report the School District’s *net position* – the difference between assets and liabilities, as reported in the Statement of Net Position – to measure the School District’s financial health, *or financial position*. Over time, *increases and decreases* in the School District’s net position – as reported in the Statement of Activities – are one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses indicates the School District’s *operating results*. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other factors, such as the quality of education provided and the safety of the schools to assess the *overall health* of the School District.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the year ended June 30, 2023

The Statement of Net Position combines and consolidates governmental fund’s current financial resources (short-term available resources) with capital assets and long-term obligations, regardless of whether they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user’s analysis of the costs of various District services.

REPORTING THE SCHOOL DISTRICT’S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund statements focus on the District’s major funds rather than fund types. The fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period those goods and services are used in school programs. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

Funds include the General Fund, Special Education Fund, Career Technical Fund, School Service Fund (Clear Lake Outdoor Education Center and Student Activity), and Capital Projects Fund. The General Fund, Special Education Fund, and Career Technical Fund are considered major funds of the District. Major Funds are used primarily to account for the requirements of the District. Revenues are derived from property taxes, state and federal grants, and other intergovernmental revenues. The School Service Fund is comprised of the Clear Lake Outdoor Education Center and Student Activity Fund. The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or improvements of major capital facilities.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<u>ASSETS</u>		
Current Assets	\$ 10,733,955	\$ 9,395,927
Capital Assets, Net Book Value	2,166,716	2,089,853
TOTAL ASSETS	<u>\$ 12,900,671</u>	<u>\$ 11,485,780</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 9,920,680</u>	<u>\$ 4,871,590</u>
 <u>LIABILITIES</u>		
Current Liabilities	\$ 5,453,152	\$ 4,856,877
Long-term Liabilities	25,513,763	15,700,328
TOTAL LIABILITIES	<u>\$ 30,966,915</u>	<u>\$ 20,557,205</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 2,934,815</u>	<u>\$ 8,346,830</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 2,166,716	\$ 2,070,505
Restricted	3,064,828	2,575,221
Unrestricted	<u>(16,311,923)</u>	<u>(17,192,391)</u>
TOTAL NET POSITION	<u>\$ (11,080,379)</u>	<u>\$ (12,546,665)</u>

The School District's net position (deficit) totaled (\$11,080,379) for 2023 and (\$12,546,665) for 2022. Of this amount, (\$16,311,923) was unrestricted for 2023 and (\$17,192,391) for 2022. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use the net position for the day-to-day operations. Total net position can be separated into three components: Net Investment in Capital Assets, restricted net position for capital projects, debt service, or enabling legislation and unrestricted net position.

Net capital assets are a combination of funds invested in capital assets less accumulated depreciation/amortization and related debt. At June 30, 2023, the original cost of capital assets is \$5,967,567.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2023

The accumulated depreciation is the accumulation of depreciation of expense since acquisition. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded on the original cost of the asset, less any estimated salvage value expensed over the estimated life of the assets. Total accumulated depreciation is \$3,800,851.

Restricted net position for capital project funds are by their nature restricted for use by laws or regulations enacted by the State of Michigan. There was no restricted net position for capital projects at June 30, 2023.

The District continues to show a large negative net position due to the Governmental Accounting Standards Board (GASB) pronouncement numbers 68 and GASB 75, which require a governmental entity's financial statements to recognize its share of the unfunded pension and OPEB liabilities. The District is part of the Michigan Public School Employees' Retirement System (MPERS). The District's share of the unfunded pension and OPEB liability is \$23,629,205 and \$1,355,845, respectively. Though this looks ominous when added to the school's financial statements, the State of Michigan has worked with its actuaries to develop a plan to stabilize the system.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2023

The results of the operations for the School District as a whole are reported in the Statement of Activities. A summary of the District-wide results of operations for the years ended June 30, 2023 and June 30, 2022 follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Program Revenue:		
Charges for services	\$ 1,012,307	\$ 1,028,928
Operating grants and contributions	<u>7,617,184</u>	<u>6,564,534</u>
TOTAL PROGRAM REVENUE	<u>\$ 8,629,491</u>	<u>\$ 7,593,462</u>
General Revenue:		
Property taxes levied for general operation	\$ 4,455,793	\$ 4,288,635
State Aid - unrestricted	727,145	691,202
Other - state and local	<u>5,194,217</u>	<u>3,422,333</u>
TOTAL GENERAL REVENUE	<u>\$ 10,377,155</u>	<u>\$ 8,402,170</u>
TOTAL REVENUE	<u>\$ 19,006,646</u>	<u>\$ 15,995,632</u>
Expenses:		
Instruction	\$ 4,645,697	\$ 4,091,940
Supporting services	10,372,944	8,441,051
Community services	168,649	171,990
Payments to other governmental agencies	2,125,550	1,770,999
Interest on long-term debt	-	1,367
Unallocated depreciation	<u>227,520</u>	<u>234,571</u>
TOTAL EXPENSE	<u>\$ 17,540,360</u>	<u>\$ 14,711,918</u>
Increase (decrease) in net position	1,466,286	1,283,714
Net position, July 1, as previously stated	(12,546,665)	(13,755,779)
Prior period adjustment	<u>-</u>	<u>(74,600)</u>
Net position, July 1, as restated	<u>(12,546,665)</u>	<u>(13,830,379)</u>
Net position, June 30	<u>\$ (11,080,379)</u>	<u>\$ (12,546,665)</u>

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2023

Fund Equity directly correlates to the fiscal health of a school district. The Governmental Accounting Standards Board issued Statement 54 (GASB 54) which required reporting fund balances in five categories for fiscal year ending June 30, 2011. The Delta-Schoolcraft Board of Education formally adopted a fund balance policy addressing GASB 54 on June 9, 2011 and again on June 14, 2012. One category of fund equity is nonspendable fund balance, which includes copy paper inventory in the General Fund and consists of property lots held for construction in the Career Technical fund. Other nonspendable items are prepaid expenses and deposits. Restricted fund balance represents grant or legislatively restricted fund balance. The Board of Education officially commits fund balance by adopting a resolution with the specified purpose. Assigned fund balance is for a specific purpose and the authority to assign has been delegated to the Business Manager. The final category, unassigned fund balance, applies only to the General Fund.

The General Fund had an increase in fund balance of \$96,296 for fiscal year 2022-23 and a decrease of \$2,450 for fiscal year 2021-22. As of June 30, 2023, a total amount of \$70,137 representing paper inventory and prepaid items is classified as nonspendable and \$241,370 of fund equity was assigned to meet accumulated unpaid terminal leave benefits. The balance of \$570,302 is classified as unassigned fund equity at the end of the year.

The Special Education fund had an increase in fund balance of \$319,548 for fiscal year 2022-23 and an increase of \$126,215 for fiscal year 2021-22. The total nonspendable fund balance at the end of the year was \$23,252 representing prepaid items and the assigned fund balance reserve at the end of the fiscal year was \$207,166, which is designated for future terminal leave benefits. The balance of \$2,045,063 is classified as restricted for special education purposes.

The Career Technical Education fund had an increase in fund balance of \$115,986 for fiscal year 2022-23 and a decrease of \$93,138 for fiscal year 2021-22. The total nonspendable fund balance at the end of the year was \$126,991 representing property held for the building trades program and prepaid items and the assigned fund balance reserve at the end of the fiscal year was \$138,922, which is designated for future terminal leave benefits. The balance of \$1,019,765 is classified as restricted for Career Technical Education purposes.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the year ended June 30, 2023

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District’s budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, usually before the State of Michigan enacts its’ budget or most grants are awarded. Therefore, it is expected that there will be significant changes between the initial budget and subsequent budgets, as actual grant awards are known. The most significant funds budgeted are the General Fund, Special Education Fund, and Career-Technical Education Fund. The budgets are amended approximately three times during the year. Budgets do not include grant revenues and expenditures until the award letter is received, because a major portion of the district’s funding is generated by these grant awards, budget amendments are necessary to include these funds.

General Fund

In the General Fund operations, the actual revenue was \$5,710,104. This is above the original budget amount of \$2,682,785 and below the final budget of \$10,559,586, a variance of \$4,849,482. The actual expenditures of the General Fund operations were \$5,595,808 (excluding \$18,000 of fund modifications) this is above the original budget of \$2,718,115 and below the final budget of \$10,501,047, a difference of \$4,905,239. The actual net revenues exceeded expenditures (excluding fund modifications) by \$114,296.

Special Education Fund

In the Special Education Fund operations, the actual revenue was \$9,509,948. This is above the original budget of \$8,062,995 and below the final budget of \$9,718,140, a variance of \$208,192. The actual expenditures of the Special Education fund were \$9,036,400 (excluding fund modifications of \$154,000). This is above the original budget of \$7,874,275 and below the final budget of \$9,352,776, a difference of \$316,376. The actual net revenues exceeded expenditures (excluding fund modifications) by \$473,548.

Career Technical Education Fund

In the Career Technical Education Fund operations, the actual revenue was \$3,608,972. This is above the original budget of \$2,902,000 and below the final budget of \$3,607,154, a variance of \$1,818. The actual expenditures of the Career Technical Fund operations were \$3,472,486 (excluding fund modifications of \$20,500). This is above the original budget of \$2,805,755 and below final budget of \$3,609,622 yielding a variance of \$137,136. The actual net expenditures exceeded revenues (excluding fund modifications) by \$136,486.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2023

GOVERNMENTAL FUND EXPENDITURES

Below is a summary of the governmental fund expenditures and their percentages as they relate to total governmental funds:

	<u>2022-2023</u>		<u>2021-2022</u>	
	Total Expenditures	Percent	Total Expenditures	Percent
General Fund	\$ 5,595,808	31%	\$ 4,618,941	29%
Special Education Fund	9,036,400	49%	7,758,902	49%
Career-Technical Fund	3,472,486	19%	3,254,827	21%
Other Funds (Includes Debt)	<u>181,765</u>	<u>1%</u>	<u>154,171</u>	<u>1%</u>
TOTAL EXPENDITURES	<u>\$ 18,286,459</u>	<u>100%</u>	<u>\$ 15,786,841</u>	<u>100%</u>

GOVERNMENTAL FUND REVENUES

Below is a summary of the governmental fund revenues and their percentages as they relate to total governmental sources:

	<u>2022-2023</u>		<u>2021-2022</u>	
	Total Revenues	Percent	Total Revenues	Percent
Federal/State/Local Restricted	\$ 7,617,184	40%	\$ 6,564,534	41%
Property Taxes	4,455,793	24%	4,288,635	27%
Inter-district Charges for Services	1,012,307	5%	981,114	6%
State of Michigan-Unrestricted	727,145	4%	691,202	4%
Other Federal/State/Local	<u>5,194,217</u>	<u>27%</u>	<u>3,470,147</u>	<u>22%</u>
TOTAL REVENUES	<u>\$ 19,006,646</u>	<u>100%</u>	<u>\$ 15,995,632</u>	<u>100%</u>

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the year ended June 30, 2023

Operating Grants Federal, State, and Local

The district’s primary operating sources are federal IDEA funds for Special Education, competitively awarded federal grants for the General Education Fund, and formula-based State Aid added cost funding for Career Technical Education.

Other restricted state funds are included in this category. These restricted grant funds are to be used specifically in accordance with program budget goals and objectives. We act as a fiscal agent for a portion of these funds allocating the resources to other governmental units. If unexpended, these funds must be returned to the State of Michigan or funding source. Local operating funds are contributions by local area business foundations and private sector companies for specific purposes.

Property Taxes

The District levied 2.3851 mills of property taxes on all property located within the District. General Fund’s levy was .1346 mills, Special Education’s levy was 1.3502 mills, and Career Technical Education’s levy was .9003 mills. The levy is assessed on the taxable value of both homestead and non-homestead property. Each year the State of Michigan’s tax commission sets an inflation factor that establishes the maximum allowable increase in taxable value. These levies are subject to Headlee rollback provisions if the taxable value increases more than the inflation rate. Over the years, the District has had their millage rate gradually “rolled back” from 2.65 mills to the current 2.3851 mills. The original levy consisted of .15 mills for General Education, 1.5 mills for Special Education and 1 mill for Career Technical Education. Only the constituent voters of the District, by electoral vote, can restore the original allocated 2.65 mills. The 2022-2023 taxable value for the property located within the district as revised and reported by the county treasurers as of August 20, 2023 was \$1,783,219,518.

This would generate \$240,021 for the General Fund, \$2,407,703 for the Special Education fund, and \$1,605,433 for Career Technical Education for a District-Wide total of \$4,253,157.

Charges for Services

These are funds received from local educational agencies located within the intermediate school district boundaries and outskirts. The primary responsibility of an intermediate school district is to provide services for all districts within its boundaries more economically than each could provide individually.

Special Education charged six districts for speech and interpreter services this year amounting to \$257,290.

General Education received from local districts amounts for technology, professional learning, management and student information systems, business manager services, teacher consultant and truancy officer services. The service charges totaled \$348,530 for the fiscal year 2022-2023.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the year ended June 30, 2023

Career Technical Education charges \$575 per student to attend classes at the Career Technical Center. In 2022-2023, \$263,997 was generated from tuition for 459 students. CTE also charged a local district \$97,617 for instructional services.

Restricted State Aid

In the Special Education Fund, the major state aid sections are based upon the current year allowable special education costs at 28.6138% plus transportation costs at 70.4165% plus 75% of the foundation times FTE. The State revenues are guaranteed at the 1996-1997 levels of funding for Special Education due to the Durant funding court settlement. In Career Technical Education, the major state aid is a section called “Added Cost”, which is derived from a ratio of per student hour to program costs.

The District’s state aid increased \$2,436,490 from the previous year. A five-year history follows:

2022-23	\$ 8,627,051
2021-22	6,190,561
2020-21	5,531,359
2019-20	5,517,176
2018-19	5,241,460

Unrestricted State Aid

The District receives State Aid based on formula calculations for items approved by the legislature under the State School Aid Act, frequently referred to as categorical funds or sections. Each section of the State School Aid Act has criteria for award. In the General Fund, the major award to the District is unrestricted state aid, generated from Section 81 of the School Aid Act. These funds are called General Fund operating dollars and due to the unrestricted nature may be used by the District for any legal spending purpose.

Enrollment

The District’s 2022-2023 blended enrollment count totaled 99.15 students, an increase of 4.85 students from the previous year. The District’s enrollment is generated from students attending the Learning Center program operated within the Special Education Fund. The District’s enrollment has remained stable with significant shifts in the disability of the student population.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the year ended June 30, 2023

Capital Assets

At the end of fiscal year 2023, the School District had \$5,967,567 invested in capital assets classified as buildings, land and improvements, vehicles, furniture, fixtures and equipment. Of this amount, \$3,800,851 is depreciated yielding a net book value of \$2,166,716.

Outstanding Debt at Year End

Details of the long-term debt outstanding at June 30, 2023 are as follows:

Accumulated unpaid benefits consist of the accrued liability for vacation, contract termination and sick pay. The Delta-Schoolcraft Intermediate School District Board of Education formally committed fund balance equal to the projected terminal leave as follows:

General Fund	\$	241,371
Special Education Fund		207,166
Career Technical Education Fund		<u>138,922</u>
TOTAL	\$	<u><u>587,459</u></u>

This report is designed to give an overview of the financial conditions of the Delta-Schoolcraft Intermediate School District. If you should desire additional detailed financial information, it can be obtained by contacting either of the following persons:

Doug Leisenring, Superintendent
Beau Miller, Business Manager
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DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2023

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 6,591,104
Due from other governmental units	3,338,444
Accounts receivable	582,843
Inventories	110,839
Prepaid items	<u>110,725</u>
Total current assets	10,733,955
Non-current assets:	
Capital assets - net	<u>2,166,716</u>
Total assets	<u>\$ 12,900,671</u>
Deferred Outflows of Resources	
Related to pensions	\$ 7,840,147
Related to postemployment benefits other than pensions	<u>2,080,533</u>
Total deferred outflows of resources	<u>\$ 9,920,680</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 551,605
Accrued salaries	1,557,305
Unearned revenues	3,285,496
Current portion of accumulated compensated absences payable	<u>58,746</u>
Total current liabilities	<u>5,453,152</u>
Noncurrent Liabilities:	
Net pension liability	23,629,205
Net OPEB liability	1,355,845
Compensated absences payable	587,459
Less current portion reported above	<u>(58,746)</u>
Total noncurrent liabilities	<u>25,513,763</u>
Total liabilities	<u>\$ 30,966,915</u>
Deferred Inflows of Resources	
Related to pensions	\$ 129,192
Related to postemployment benefits other than pensions	<u>2,805,623</u>
Total deferred inflows of resources	<u>\$ 2,934,815</u>
Net Position	
Net investment in capital assets	\$ 2,166,716
Restricted	3,064,828
Unrestricted	<u>(16,311,923)</u>
Total net position	<u>\$ (11,080,379)</u>

See accompanying notes to financial statements.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the year ended June 30, 2023

Functions/Programs	Expenses	Program Revenue Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position - Governmental Activities
Instruction	\$ 4,645,697	\$ 364,530	\$ 1,417,739	\$ (2,863,428)
Supporting services	10,372,944	647,777	3,951,887	(5,773,280)
Community services	168,649	-	180,687	12,038
Payments to other governmental agencies	2,125,550	-	2,066,871	(58,679)
Unallocated depreciation/amortization	<u>227,520</u>	<u>-</u>	<u>-</u>	<u>(227,520)</u>
 Total governmental activities	 <u>\$ 17,540,360</u>	 <u>\$ 1,012,307</u>	 <u>\$ 7,617,184</u>	 <u>(8,910,869)</u>
 General Revenue				
Property taxes				4,455,793
State aid - unrestricted				727,145
Other - state and local				<u>5,194,217</u>
 Total general revenue				 <u>10,377,155</u>
 Change in Net Position				 1,466,286
 Net Position - Beginning of year				 <u>(12,546,665)</u>
 Net Position - End of year				 <u>\$ (11,080,379)</u>

See accompanying notes to financial statements.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2023

	General Fund	Special Education Fund	Career Technical Education	Other Nonmajor Governmental Funds	Total
Assets					
Cash and investments	\$ 1,645,422	\$ 2,704,837	\$ 1,292,625	\$ 948,220	\$ 6,591,104
Accounts receivable	167,907	243,447	169,504	1,985	582,843
Due from other funds	1,279,345	5,073	70,957	-	1,355,375
Due from other governmental units	1,375,272	1,617,902	345,270	-	3,338,444
Inventory	11,559	-	99,280	-	110,839
Prepaid items	58,578	23,252	27,711	1,184	110,725
Total assets	<u>\$ 4,538,083</u>	<u>\$ 4,594,511</u>	<u>\$ 2,005,347</u>	<u>\$ 951,389</u>	<u>\$ 12,089,330</u>
Liabilities					
Accounts payable	\$ 424,402	\$ 30,709	\$ 95,740	\$ 754	\$ 551,605
Accrued salaries	520,098	807,312	229,895	-	1,557,305
Unearned revenue	2,672,332	569,255	33,452	10,457	3,285,496
Due to other funds	39,442	911,754	360,582	43,597	1,355,375
Total liabilities	<u>3,656,274</u>	<u>2,319,030</u>	<u>719,669</u>	<u>54,808</u>	<u>6,749,781</u>
Fund Balances					
Nonspendable	70,137	23,252	126,991	1,184	221,564
Restricted	-	2,045,063	1,019,765	-	3,064,828
Assigned	241,370	207,166	138,922	895,397	1,482,855
Unassigned	570,302	-	-	-	570,302
Total fund balances	<u>881,809</u>	<u>2,275,481</u>	<u>1,285,678</u>	<u>896,581</u>	<u>5,339,549</u>
Total liabilities and fund balances	<u>\$ 4,538,083</u>	<u>\$ 4,594,511</u>	<u>\$ 2,005,347</u>	<u>\$ 951,389</u>	<u>\$ 12,089,330</u>

See accompanying notes to financial statements.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION**

For the year ended June 30, 2023

Total fund balances - governmental funds \$ 5,339,549

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets is \$5,967,567, and the accumulated depreciation is \$3,800,851. 2,166,716

Deferred outflows of resources are not currently available resources and therefore are not reported as assets in the governmental funds but are reported in the statement of net position 9,920,680

Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the specific governmental funds. Noncurrent liabilities at year-end consist of the following:

Net pension liability	\$ 23,629,205	
Net OPEB liability	1,355,845	
Compensated absences	<u>587,459</u>	(25,572,509)

Deferred inflows of resources are not payable from currently available resources and therefore are not reported in governmental funds but are reported in the statement of net position (2,934,815)

Net Position of Governmental Activities \$ (11,080,379)

See accompanying notes to financial statements.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

For the year ended June 30, 2023

	General Fund	Special Education Fund	Career Technical Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local sources	\$ 393,891	\$ 3,004,848	\$ 1,679,198	\$ 165,122	\$ 5,243,059
State sources	3,705,301	3,668,149	1,253,601	-	8,627,051
Federal sources	1,252,004	2,518,478	314,847	-	4,085,329
Interdistrict sources	358,908	318,473	361,326	12,500	1,051,207
Total revenues	<u>5,710,104</u>	<u>9,509,948</u>	<u>3,608,972</u>	<u>177,622</u>	<u>19,006,646</u>
Expenditures					
Instruction	113,859	2,549,098	2,218,633	-	4,881,590
Supporting services	3,480,166	6,150,677	1,055,823	181,765	10,868,431
Community services	174,764	805	-	-	175,569
Payments to other governmental agencies	1,748,449	220,891	156,210	-	2,125,550
Capital outlay	78,570	114,929	41,820	-	235,319
Total expenditures	<u>5,595,808</u>	<u>9,036,400</u>	<u>3,472,486</u>	<u>181,765</u>	<u>18,286,459</u>
Excess of Revenue (Under) Over Expenditures	<u>114,296</u>	<u>473,548</u>	<u>136,486</u>	<u>(4,143)</u>	<u>720,187</u>
Other Financing (Uses) Sources					
Transfers in	-	-	-	192,500	192,500
Transfers out	(18,000)	(154,000)	(20,500)	-	(192,500)
Total other financing (uses) sources	<u>(18,000)</u>	<u>(154,000)</u>	<u>(20,500)</u>	<u>192,500</u>	<u>-</u>
Net Change in Fund Balances	96,296	319,548	115,986	188,357	720,187
Fund Balances - Beginning of year	<u>785,513</u>	<u>1,955,933</u>	<u>1,169,692</u>	<u>708,224</u>	<u>4,619,362</u>
Fund Balances - End of year	<u>\$ 881,809</u>	<u>\$ 2,275,481</u>	<u>\$ 1,285,678</u>	<u>\$ 896,581</u>	<u>\$ 5,339,549</u>

See accompanying notes to financial statements.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$ 720,187
The change in fund balances reported for governmental activities in the statement of activities is different because:	
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over their useful lives as depreciation expense. This is the amount by which capital outlay (\$322,363) exceeds depreciation (\$227,520) for the period.	94,843
Difference in the cost (\$252,292) and accumulated depreciation (\$234,312) of disposed capital assets.	(17,980)
Repayment of principal on debt is an expenditure in the governmental funds but reduces the debt liability in the statement of net position.	19,348
In the statement of activities, expenses for compensated absences and special termination benefits for early retirement are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount paid out during the year.	22,185
Certain pension and other OPEB plan expenses and related deferred outflows and inflows of resources do not require the use of current available resources and therefore, are not recorded as expenditures in the governmental funds.	
Change in the beginning and ending balance of the proportionate share of net pension liability.	(9,413,230)
Change in the beginning and ending balance of the proportionate share of net OPEB liability.	(420,172)
Change in the beginning and ending balances of deferred outflows and the deferred inflows of resources.	<u>10,461,105</u>
Change in Net Position of Governmental Activities	<u>\$ 1,466,286</u>

See accompanying notes to financial statements.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Delta - Schoolcraft Intermediate School District (The District) conform to accounting principles generally accepted in the United States of America as applicable to school districts. The following is a summary of the significant policies:

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Certain of the significant items in the statement include the following:

- A Management's Discussion and Analysis section providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using the full accrual method of accounting for all of the District's activities.
- Fund financial statements that focus on the major funds of the District.

The District has also implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The pronouncement defines revenue recognition for nonexchange transactions at the fund and governmental levels.

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational and financial relationships that determine which of these governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. Based on application of the criteria, the School District has no component units.

District-wide and Fund Financial Statements

The District-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Substantially all interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, although the fiduciary funds are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-wide Statements – The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the District-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State aid.

Fund-based Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes, unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when each is received by the government. When both restricted and unrestricted revenues are available for use, the District's policy is to use restricted or unrestricted resources based upon specific identified expenditures in their budget plan.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate self-balancing set of accounts that comprise its' assets, liabilities, fund balances, revenues and expenditures. Government resources are allocated and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. An emphasis is placed on major funds in the governmental category. The General Fund is always considered a major fund and the remaining funds of the District are considered major if they meet the following criteria:

- a) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures of the individual governmental fund is at least ten percent of the corresponding total for all funds of that category or type; and
- b) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures of the individual governmental fund is at least five percent of the corresponding total of all governmental funds combined.

The District reports the General Fund, the Special Education Fund and the Career Technical Education Fund as major based on those criteria.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

Governmental Funds

General Fund - The General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the activities of specific school service revenue sources.

Capital Project Funds - Capital project funds are used to account for financial resources to be used specifically for the acquisition, construction, or major repair of major capital facilities or other capital assets, including equipment.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt Retirement Funds - Debt retirement funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Fiduciary Funds

Trust and Custodial Funds - Trust and Custodial Funds are used to account for assets held by the school district in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Private Purpose Trust Funds and Custodial Funds.

- a. Private-Purpose Trust Funds – Private-Purpose trust funds are used to account for the receipts and expenditures of assets held under a trust agreement.
- b. Custodial Funds - Custodial funds are used to account for assets held by the District as trustee or agent for individuals, private organizations and other governmental units.

The District does not have any funds that meet the definition of debt retirement or fiduciary funds in the current year.

Measurement Focus and Basis of Accounting – The basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates the timing of the measurements made regardless of the measurement focus.

The government-wide financial statements use the economic resources measurement focus.

- a. Accrual Basis – Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.
- b. Modified Accrual Basis – The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when the resource is both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures are generally recognized when the related fund liability is incurred with certain exceptions, such as interest of general long-term debt, which is recognized when due.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments – Investments are recorded at fair market value, except for investments in external investment pools, which are valued at amortized cost.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Inventories – Inventories are valued at the lower of cost or market (first-in, first-out). Inventory costs accumulated for the Career Technical Trades Program house are accounted for as expenditures when consumed (when the house is sold) rather than when purchased. Other inventories are considered immaterial and are accounted for using the purchase method in both the District-wide and Fund financial statements.

Capital Assets –Capital Assets, which include land, buildings, improvements, furniture and fixtures, equipment, and vehicles, are reported in the applicable governmental column in the District-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure-type assets.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 50 years
Vehicles	5 years
Furniture, fixtures and equipment	5 – 20 years

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows of Resources - In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has pension and OPEB plan items that qualify for reporting in this category.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position and/or governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has pension and OPEB plan items that qualify for reporting in this category.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items and inventories as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the District's superintendent. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

For purposes of fund balance classification, expenditures are to be spent from Restricted Fund Balances first (when appropriate), followed in order by Assigned Fund Balance, Committed Fund Balance and lastly, Unassigned Fund Balance. When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, it is the policy of the District to consider restricted amounts first.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position Classifications – In the District-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets: This classification consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This classification consists of net position with constraints on their use that are externally imposed (by creditors, grantors, contributors, or laws and regulations of other governments) or by law through constitutional provisions or enabling legislation.

Unrestricted: This classification consists of all other net position that does not meet the definition of either of the other two net position classifications.

Pension – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of MPSERS and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases – The District may enter into certain lease agreements. Significant leases are recognized as a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of the payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments.

The district uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses the current prime rate.

The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price the District is reasonably certain to exercise.

The District monitors changes in circumstances and will remeasure lease assets and liabilities if certain changes occur that are expected to be material.

The District had no significant intangible right-to-use leased assets at June 30, 2023.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE B – CASH AND EQUIVALENTS

The composition of cash and equivalents as reported in the Statement of Net Position and the Statement of Fiduciary Net Position is presented below:

Financial statement presentation:

Cash and Investments - Governmental Funds	\$ 6,591,104
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Composition of balances:

Deposits:

Checking Accounts	\$ 44,201
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Savings Accounts	2,118,359
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MILAF	<u>4,428,544</u>
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TOTAL	<u><u>\$ 6,591,104</u></u>
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Cash and cash equivalents consist primarily of short-term investments with an original maturity of three months or less including checking and savings account deposits, and the School District's share of investment pools, which are made up of U.S. Government obligations, U.S. Government Agency obligations, certificates of deposit, banker's acceptances, commercial paper and repurchase agreements.

Cash and cash equivalents are stated at cost which approximates fair value. The investment pools are valued using the amortized cost method which values securities at their cost on the date of purchase and recording a constant amortization or accretion to maturity of any premium or discount. There is a one-day minimum investment period on Michigan Investment Liquid Asset Fund (MILAF) cash management funds and a 14-day redemption limitation on MILAFMAX Class Funds.

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits will not be covered. The District does not have a custodial credit risk policy. As of June 30, 2023, the bank balance of checking and savings deposits was \$2,519,501, of which \$324,290 was insured and \$2,195,211 was uninsured and uncollateralized.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE B – CASH AND EQUIVALENTS (continued)

Credit Risk – State statutes govern the types of investments in which the School District is allowed to invest. The following are allowable investments: U.S. Government obligations and U.S. Agency obligations; certificates of deposit, saving accounts, deposit accounts, or depository receipts of federally insured financial institutions; certain commercial paper, U.S. bankers’ acceptances; U.S. Government obligations or U.S. Agency obligation repurchase agreements; and mutual funds that invest in the preceding type investments.

The following details the credit quality distribution for the investment pools at June 30, 2023:

<u>Type</u>	<u>Standard & Poor’s Rating</u>
Michigan Liquid Asset Fund Plus-Cash Management Series	AAA m
Michigan Liquid Asset Fund Plus-Max Series	AAA m

Concentration of Credit Risk – The District’s concentration of credit risk policy allows investments in U.S. Treasury securities and other securities completely guaranteed by the Treasury as to payment of principal and interest of up to 100% of such securities. Investments in other types of authorized securities may be made with the provision that no more than 50% of the total current investment portfolio consist of one type of security.

Interest Rate Risk – The District’s interest rate risk policy authorizes deposits and investments with maturities not to exceed two years. The District’s cash and cash equivalents are all held in saving accounts, money market accounts, certificates of deposit, and short-term highly liquid investment pools, which limits its exposure to such risk.

Foreign Currency Risk - The District has no foreign currency risk as it has no deposits or investments in foreign currency.

All deposits for the District are in accordance with statutory authority.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE C – CAPITAL ASSETS

A summary of the changes in governmental capital assets is as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2023</u>
Land (not being depreciated)	\$ 49,002	\$ -	\$ -	\$ 49,002
Buildings	3,063,493	90,310	-	3,153,803
Buildings and site improvements	581,369	102,552	-	683,921
Vehicles and trailers	248,872	47,808	(25,764)	270,916
Right to use asset - leased equipment	191,780	-	(191,780)	-
Furniture, fixtures and equipment	1,762,980	81,693	(34,748)	1,809,925
Subtotal	<u>5,848,494</u>	<u>322,363</u>	<u>(252,292)</u>	<u>5,918,565</u>
Total Assets	5,897,496	322,363	(252,292)	5,967,567
Accumulated depreciation/amortization	<u>(3,807,643)</u>	<u>(227,520)</u>	<u>234,312</u>	<u>(3,800,851)</u>
Net total	<u>\$ 2,089,853</u>	<u>\$ 94,843</u>	<u>\$ (17,980)</u>	<u>\$ 2,166,716</u>

Depreciation expense of \$227,520 for the current year is listed in the Statement of Activities as unallocated.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE D - ACCRUED FRINGE BENEFITS

The following details agreements regarding accumulated unpaid benefits.

Benefit	Group	Eligibility	Rate	Discount		Maximum Benefit
				%	Basis	
<u>Vacation</u>	Admin	N/A	Daily	N/A	N/A	35 Days
	Exc. Secretary	N/A	Daily	N/A	N/A	36 Days
	Superintendent	N/A	Daily	N/A	N/A	35 Days
<u>Sick Pay</u>	Admin	10 Years	Daily	35-55%	Yrs of Srvc	155 Days
	Exc. Secretary	15 Years	Daily	35-50%	Yrs of Srvc	140 Days
	Professionals	15 Years	Daily	30-45%	Yrs of Srvc	150 Days
	Superintendent	5 Years	Daily	50%	N/A	N/A
	Support	10 Years	\$20-\$40/Day	N/A	N/A	100 Days
	Teamsters	20 Years	\$25-\$50/Day	N/A	N/A	100 Days
<u>Contract Term.</u>	Admin	10 Years	15% Contract	N/A	N/A	N/A
	Superintendent	Retirement	15% Contract	N/A	N/A	N/A
	Support	10 Years	20% Contract	N/A	N/A	\$5,500
	Teamsters	20 Years	N/A	N/A	N/A	\$5,000

NOTE E – UNEARNED REVENUE

Unearned revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met. Unearned revenue includes unexpended funds received or receivable from state, federal and local projects and grants. Unearned revenue at June 30, 2023 consisted of \$2,672,332 in the General Fund, \$569,255 in the Special Education Fund, \$33,452 in the Career Technical Education Fund and \$10,457 in the Clear Lake Fund.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE F - LONG-TERM LIABILITIES - OTHER THAN NET PENSION & OPEB
LIABILITY**

Accumulated compensated absences activity for the year ended June 30, 2023 is summarized as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Accumulated Benefits	\$ 609,644	\$ 47,560	\$ 69,745	\$ 587,459	\$ 58,746
TOTAL	\$ 609,644	\$ 47,560	\$ 69,745	\$ 587,459	\$ 58,746

At June 30, 2023 the School District's Governmental Activities accumulated compensated absences consisted of the following:

Accumulated unpaid benefits consist of the accrued liability for vacation, sick leave and contract termination payments. The following summarizes the liability by fund:

General Fund	\$ 241,371
Special Education Fund	207,166
Career Technical Fund	<u>138,922</u>
	<u>\$ 587,459</u>

The debt service requirement for accumulated unpaid benefits is dependent upon the employee's future use of this pay, thus future payments are unknown at June 30, 2023.

Lease obligation activity for the year ended June 30, 2023 is summarized as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Equipment leases	<u>19,348.00</u>	<u>-</u>	<u>19,348.00</u>	<u>-</u>	<u>-</u>

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE G – FUND BALANCE CLASSIFICATIONS

As of June 30, 2023, the following fund balance classifications were recorded:

	<u>Purpose</u>	<u>Amount</u>
Nonspendable:		
General Fund	Inventory & prepaids	\$ 70,137
Special Education	Prepaid items	23,252
Career Technical	Inventory & prepaids	126,991
Clear Lake Fund	Prepaid items	1,184
Restricted (by enabling legislation):		
Special Education	Special education	2,045,063
Career Technical	Career technical education	1,019,765
Assigned:		
General Fund	Accumulated unpaid benefits	241,370
Special Education	Accumulated unpaid benefits	207,166
Career Technical	Accumulated unpaid benefits	138,922
Clear Lake Fund	Clear Lake programs	145,518
Student Activity Fund	Student/school activities	30,693
Major Maintenance	Major maintenance projects	719,186
Unassigned:		
General Fund	General fund	570,302

NOTE H – PROPERTY TAXES

The School District’s property tax is levied on July 1 and December 1, and is based on taxable valuation of property as of the preceding December 31.

Taxes are collected and remitted to the School District by the tax collecting units within the District and generally become delinquent seventy-five days after the levy date. Unpaid real property taxes as of February 28 are turned over to the County Treasurers for collection. Both counties maintain tax revolving funds which permit them to pay the School District 100% of the delinquent real taxes within approximately two to three months after the delivery of the delinquent tax bills.

NOTE I – INTERFUND ACTIVITY

During the year the District had interfund activity that was for operational purposes. The General Fund transferred \$12,500 to the Clear Lake Fund and \$5,500 to the Major Maintenance Fund. The Career Technical Fund and the Special Education Fund transferred \$20,500 and \$154,000 to the Major Maintenance Fund, respectively.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE I – INTERFUND ACTIVITY (continued)

For the government-wide financial statements this interfund activity has been eliminated. As of June 30, 2023, the Special Education Fund and Career Technical Fund owed a net amount of \$906,681 and \$333,222, respectively, to the General Fund. The School Activity Fund owed \$43,597 to the Career Technical Fund. These balances have been eliminated on the government-wide financial statements.

NOTE J – PENSION PLAN

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple-employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at Michigan.gov/ORSSchools.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE J – PENSION PLAN (continued)

A DB member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member’s rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the plan’s fiscal year ended September 30, 2022.

Pension Contribution Rates		
<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0 %	20.14 %
Member Investment Plan	3.0 - 7.0	20.14
Pension Plus	3.0 - 6.4	17.22
Pension Plus 2	6.2	19.93
Defined Contribution	0.0	13.73

Required contributions to the pension plan from The District were \$2,138,441 for the year ended September 30, 2023.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE J – PENSION PLAN (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$23,629,205 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2022, the District's proportion was .0006282906 percent, which was an increase of .0000278375 percent from its proportion measured as of September 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$3,257,572. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 236,375	\$ 52,832
Changes of assumptions	4,060,344	-
Net difference between projected and actual earnings on pension plan investments	55,410	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,073,214	76,360
Employer contributions subsequent to the measurement date	2,414,804	-
TOTAL	<u>\$ 7,840,147</u>	<u>\$ 129,192</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE J – PENSION PLAN (continued)

Deferred (Inflows) and Deferred Outflows of Resources by Year (to be Recognized in Future Pension Expenses)

2023	1,567,299
2024	1,254,938
2025	1,043,453
2026	1,430,461

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans:	6.00% net of investment expenses
- Pension Plus Plan:	6.00% net of investment expenses
- Pension Plus 2 Plan:	6.00% net of investment expenses
Projected Salary Increases:	2.75 – 11.55%, including wage inflation at 2.75%
Cost-of-living Pension Adjustments:	3% Annual Non-Compounded for MIP Members

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE J – PENSION PLAN (continued)

Mortality: Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active Members: RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.3922
- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found on the ORS website at Michigan.gov/ORSSchools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE J – PENSION PLAN (continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.10 %
Private Equity Pools	16.0	8.70
International Equity Pools	15.0	6.70
Fixed Income Pools	13.0	(0.20)
Real Estate and Infrastructure Pools	10.0	5.30
Absolute Return Pools	9.0	2.70
Real Return/Opportunistic Pools	10.0	5.80
Short Term Investment Pools	2.0	(0.50)
TOTAL	<u>100.0 %</u>	

*Long-term rates of return are net of administrative expenses and 2.2% inflation.

Rate of Return

For the plan's fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was (4.18)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.0% was used to measure the total pension liability (6.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan.) This discount rate was based on the long-term expected rate of return on pension plan investments of 6.0% (6.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE J – PENSION PLAN (continued)

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.0% (6.0% for the Pension Plus plan and 6.0% for the Pension Plus 2 plan), as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage higher:

Current Single Discount		
1% Decrease	Rate Assumption	1% Increase
5.0%	6.0%	7.0%
\$ 31,181,772	\$ 23,629,205	\$ 17,405,549

Michigan Public School Employees’ Retirement System (MPSERS) Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at Michigan.gov/ORSSchools.

Pension Payable

Pension payable consisted of \$85,588 in the General Fund, \$282,288 in the Special Education Fund and \$106,513 in the Career Technical Education Fund. This is a result of legally required contributions to the pension plan arising out of employee contract balances owed but unpaid as of June 30, 2023. Contributions are due within seven business days after the pay period end date.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE K – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at Michigan.gov/ORSSchools.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of OPEB, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE K – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(continued)**

Public Act 300 of 2012 granted all active members of MPSERS, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited in their 401(k) account.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The OPEB contribution rates in effect for the plan's fiscal year ended September 30, 2022 for the Premium Subsidy benefit plan was 3.0 percent employee and 8.09% employer. For the Personal Healthcare Fund (PHF) the contribution rates were 0.0% employee and 7.23% employer. Required contributions to the OPEB plan from the District were \$487,612 for the year ended September 30, 2022.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE K – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(continued)**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023 the District reported a liability of \$1,355,845 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, the District's proportion was .0006401346 percent, which was an increase of .0000271326 percent from its proportion measured as of October 1, 2021.

For the year ending June 30, 2023, the District recognized OPEB expense of (\$437,742). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 2,655,581
Changes of assumptions	1,208,508	98,404
Net difference between projected and actual earnings on OPEB plan investments	105,970	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	358,868	51,638
Employer contributions subsequent to the measurement date	407,187	-
TOTAL	<u>\$ 2,080,533</u>	<u>\$ 2,805,623</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE K – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(continued)**

Deferred (Inflows) and Deferred Outflows of Resources by Year (to be Recognized in Future Pension Expenses)

2023	(437,568)
2024	(400,339)
2025	(341,871)
2026		34,909
2027		6,550
Thereafter		6,042

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	Sept. 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality: Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active:	RP-2014 Males and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE K – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(continued)**

Other Assumptions:

Opt-Out Assumption	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree’s death.
Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.2250
- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found on the ORS website at Michigan.gov/ORSSchools.

Long-Term Expected Return on Plan Assets

The long-term expected return on OPEB plan investments is identical to the long-term expected return on plan assets as reported in Note J for the Pension Plan.

Rate of Return

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was (4.99)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE K – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(continued)**

Discount Rate

A discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District’s Proportionate Share of the net OPEB Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net OPEB liability calculated using the discount rate of 6.00%, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

1% Decrease	Current Discount Rate	1% Increase
5.00%	6.00%	7.00%
\$ 2,274,300	\$ 1,355,845	\$ 582,392

Sensitivity of the District’s Proportionate Share of the net OPEB Liability to Healthcare Cost Trend Rate

The following presents the District’s proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the District’s proportionate share of net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher:

Current Healthcare Cost		
1% Decrease	Trend Rate	1% Increase
\$ 567,763	\$ 1,355,845	\$ 2,240,483

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued 2022 MPSERS CAFR, available on the ORS website at Michigan.gov/ORSSchools.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE K – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(continued)**

Payables to the OPEB Plan

OPEB plan payable consisted of \$10,697 in the General Fund, \$46,200 in the Special Education Fund and \$12,936 in the Career Technical Education Fund. This is a result of legally required contributions to the OPEB plan arising out of employee contract balances owed but unpaid as of June 30, 2023. Contributions are due within seven business days after the pay period end date.

NOTE L - BUDGETS AND BUDGETARY ACCOUNTING

Budgets and Budgetary Accounting – The School District prepares annual budgets for its governmental funds on the modified accrual basis as required by state law. The general statute governing the School District’s budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. The following procedures are followed in establishing budgetary data reflected in the financial statement:

1. In February or March, the Superintendent submits to the School Board proposed operating budgets for the fiscal year commencing the following July 1. Proposed budgets include projected expenditures and the means of financing them.
2. A formal public hearing is held on the proposed budgets for public comment.
3. The General Fund operating budget must be submitted to local districts not later than May 1, of each year. Not later than June 1, of each year, the board of each constituent district shall adopt a board resolution expressing support or disapproval of the budget and submit any specific objection or proposed changes which the School District would consider at its June meeting.
4. At the June School Board meeting, the budgets for the ensuing year are legally enacted through adoption by the Board.
5. Formal budget amendments may be made only by the approval of a majority of the School Board.

NOTE M – RISK MANAGEMENT

The School District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty risks and workers’ disability compensation.

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE M – RISK MANAGEMENT (continued)

The pools are considered public entity risk pools. The School District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of specified amounts for each occurrence with the overall maximum coverage being unlimited. The School District has not been informed of any special assessments being required. The School District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

The District had no outstanding claims that exceeded the plan's limits and there has been no significant reduction in insurance coverage over the past three years.

NOTE N – OTHER COMMITMENTS AND CONTINGENCIES

The District has received significant assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any disallowed claims would not have a material effect on any of the financial statements of the District as of June 30, 2023.

REQUIRED SUPPLEMENTAL INFORMATION

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Local sources	\$ 265,000	\$ 392,732	\$ 393,891	\$ 1,159
State sources	1,772,900	6,940,444	3,705,301	(3,235,143)
Federal sources	240,385	2,861,960	1,252,004	(1,609,956)
Interdistrict Sources	404,500	364,450	358,908	(5,542)
Total revenues	<u>2,682,785</u>	<u>10,559,586</u>	<u>5,710,104</u>	<u>(4,849,482)</u>
Expenditures				
Instruction	-	151,193	113,859	37,334
Support Services:				
Pupil	790,715	3,299,838	1,290,666	2,009,172
Instructional staff	922,950	1,470,384	980,977	489,407
General administration	383,895	427,856	422,608	5,248
School administration	-	11,682	7,819	3,863
Business	185,825	239,750	223,033	16,717
Operations and maintenance	78,485	128,291	97,143	31,148
Central	356,245	547,579	457,920	89,659
Total support services	<u>2,718,115</u>	<u>6,125,380</u>	<u>3,480,166</u>	<u>2,645,214</u>
Community services	-	330,958	174,764	156,194
Payments to other governmental agencies	-	3,788,186	1,748,449	2,039,737
Capital outlay	-	100,330	78,570	21,760
Debt service	-	5,000	-	5,000
Total expenditures	<u>2,718,115</u>	<u>10,501,047</u>	<u>5,595,808</u>	<u>4,905,239</u>
Excess of Revenue (Under) Over Expenditures	(35,330)	58,539	114,296	55,757
Other Financing (Uses) Sources				
Transfers out	<u>7,000</u>	<u>(18,000)</u>	<u>(18,000)</u>	<u>-</u>
Net Change in Fund Balances	(28,330)	40,539	96,296	55,757
Fund Balances - Beginning of year	<u>819,734</u>	<u>785,513</u>	<u>785,513</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 791,404</u>	<u>\$ 826,052</u>	<u>\$ 881,809</u>	<u>\$ 55,757</u>

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

**BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND**

For the year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Local sources	\$ 2,848,000	\$ 3,007,450	\$ 3,004,848	\$ (2,602)
State sources	2,685,400	3,699,269	3,668,149	(31,120)
Federal sources	2,230,595	2,696,936	2,518,478	(178,458)
Interdistrict Sources	299,000	314,485	318,473	3,988
Total revenues	<u>8,062,995</u>	<u>9,718,140</u>	<u>9,509,948</u>	<u>(208,192)</u>
Expenditures				
Instruction	2,388,095	2,519,657	2,549,098	(29,441)
Support Services:				
Pupil	3,319,810	3,987,983	3,774,908	213,075
Instructional staff	768,180	775,887	740,673	35,214
General administration	11,000	11,000	7,595	3,405
School administration	138,000	158,299	157,858	441
Business	62,200	86,500	91,626	(5,126)
Operations and maintenance	265,840	395,156	384,025	11,131
Pupil transportation services	518,000	583,000	547,449	35,551
Central	246,650	448,174	446,543	1,631
Total support services	<u>5,329,680</u>	<u>6,445,999</u>	<u>6,150,677</u>	<u>295,322</u>
Community services	-	-	805	(805)
Payments to other governmental agencies	156,500	229,820	220,891	8,929
Capital outlay	-	138,300	114,929	23,371
Debt service	-	19,000	-	19,000
Total expenditures	<u>7,874,275</u>	<u>9,352,776</u>	<u>9,036,400</u>	<u>316,376</u>
Excess of Revenue (Under) Over Expenditures	188,720	365,364	473,548	108,184
Other Financing (Uses) Sources				
Transfers out	<u>(54,000)</u>	<u>(154,000)</u>	<u>(154,000)</u>	<u>-</u>
Net Change in Fund Balances	134,720	211,364	319,548	108,184
Fund Balances - Beginning of year	<u>2,071,394</u>	<u>1,955,933</u>	<u>1,955,933</u>	<u>-</u>
Fund Balances - End of year	<u><u>\$ 2,206,114</u></u>	<u><u>\$ 2,167,297</u></u>	<u><u>\$ 2,275,481</u></u>	<u><u>\$ 108,184</u></u>

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

**BUDGETARY COMPARISON SCHEDULE
CAREER TECHNICAL FUND**

For the year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Local sources	\$ 1,562,500	\$ 1,662,068	\$ 1,679,198	\$ 17,130
State sources	850,000	1,273,727	1,253,601	(20,126)
Federal sources	103,500	317,279	314,847	(2,432)
Interdistrict Sources	386,000	354,080	361,326	7,246
Total revenues	<u>2,902,000</u>	<u>3,607,154</u>	<u>3,608,972</u>	<u>1,818</u>
Expenditures				
Instruction	1,892,290	2,203,968	2,218,633	(14,665)
Support Services:				
Pupil	145,400	202,924	195,389	7,535
Instructional staff	264,130	402,276	319,223	83,053
General administration	3,500	3,500	3,255	245
School administration	68,790	75,311	73,649	1,662
Business	25,000	42,750	36,061	6,689
Operations and maintenance	243,870	270,117	264,752	5,365
Pupil transportation services	3,500	3,500	3,420	80
Central	131,475	154,386	144,751	9,635
Other	19,800	19,500	15,323	4,177
Total support services	<u>905,465</u>	<u>1,174,264</u>	<u>1,055,823</u>	<u>118,441</u>
Payments to other governmental agencies	8,000	156,210	156,210	-
Capital outlay	-	67,180	41,820	25,360
Debt service	-	8,000	-	8,000
Total expenditures	<u>2,805,755</u>	<u>3,609,622</u>	<u>3,472,486</u>	<u>137,136</u>
Excess of Revenue (Under) Over Expenditures	96,245	(2,468)	136,486	138,954
Other Financing (Uses) Sources				
Transfers out	<u>(20,500)</u>	<u>(20,500)</u>	<u>(20,500)</u>	<u>-</u>
Net Change in Fund Balances	75,745	(22,968)	115,986	138,954
Fund Balances - Beginning of year	<u>1,248,983</u>	<u>1,169,692</u>	<u>1,169,692</u>	<u>-</u>
Fund Balances - End of year	<u><u>\$ 1,324,728</u></u>	<u><u>\$ 1,146,724</u></u>	<u><u>\$ 1,285,678</u></u>	<u><u>\$ 138,954</u></u>

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Michigan Public School Employees Retirement Plan
Last 9 Fiscal Years (Amounts determined as of 9/30 of each year)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Proportion of net pension liability (%)	0.00062829%	0.00060045%	0.00057426%	0.00057884%	0.00057680%	0.00056302%	0.00054572%	0.00053167%	0.00054190%
B. Proportionate share of net pension liability	\$ 23,629,205	\$ 14,215,975	\$ 19,726,428	\$ 19,169,185	\$ 17,339,499	\$ 14,590,154	\$ 13,615,337	\$ 12,986,164	\$ 11,935,885
C. Covered-employee payroll	\$ 6,302,365	\$ 5,579,358	\$ 5,114,918	\$ 5,043,238	\$ 5,030,784	\$ 4,776,124	\$ 4,683,100	\$ 4,399,210	\$ 4,576,813
D. Proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	374.93%	254.80%	385.66%	380.10%	344.67%	305.48%	290.73%	295.19%	260.79%
E. Plan fiduciary net position as a percentage of total pension liability	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS

Michigan Public School Employees Retirement Plan

Last 9 Employer Fiscal Years (Amounts determined as of 6/30 of each year)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Statutorily required contributions	\$ 2,138,441	\$ 1,802,934	\$ 1,578,139	\$ 1,537,707	\$ 1,458,533	\$ 1,276,634	\$ 1,225,449	\$ 1,025,669	\$ 968,585
B. Contributions in relation to statutorily required contributions	<u>2,138,441</u>	<u>1,802,934</u>	<u>1,578,139</u>	<u>1,537,707</u>	<u>1,458,533</u>	<u>1,276,634</u>	<u>1,225,449</u>	<u>1,025,669</u>	<u>968,585</u>
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. Covered-employee payroll	\$ 6,248,456	\$ 6,071,619	\$ 5,302,418	\$ 5,069,058	\$ 4,998,760	\$ 4,985,435	\$ 4,715,298	\$ 4,738,089	\$ 4,400,536
E. Contributions as a percentage of covered-employee payroll	34.22%	29.69%	29.76%	30.34%	29.18%	25.61%	25.99%	21.65%	22.01%

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY

Michigan Public School Employees Retirement Plan

Last 6 Fiscal Years (Amounts determined as of 9/30 of each year)

	2022	2021	2020	2019	2018	2017
A. Employer's proportion of net OPEB liability (%)	0.00064013%	0.00061300%	0.00057479%	0.00057536%	0.00058949%	0.00056397%
B. Employer's proportionate share of net OPEB liability	\$ 1,355,845	\$ 935,673	\$ 3,079,308	\$ 4,129,768	\$ 4,685,859	\$ 4,994,186
C. Employer's covered payroll (OPEB)	\$ 6,302,365	\$ 5,579,358	\$ 5,114,918	\$ 5,043,238	\$ 5,030,784	\$ 4,776,124
D. Employer's proportionate share of net OPEB liability as a percentage of its covered payroll (%)	21.51%	16.77%	60.20%	81.89%	93.14%	104.57%
E. Plan fiduciary net position as a percentage of total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF OPEB CONTRIBUTIONS

Michigan Public School Employees Retirement Plan

Last 6 Fiscal Years (Amounts determined as of 6/30 of each year)

	2023	2022	2021	2020	2019	2018
A. Statutorily required OPEB contributions	\$ 487,612	\$ 455,059	\$ 406,104	\$ 395,045	\$ 414,630	\$ 362,299
B. OPEB contributions in relation to statutorily required contributions	487,612	455,059	406,104	395,045	414,630	362,299
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. Employer's covered payroll (OPEB)	\$ <u>6,248,456</u>	\$ <u>6,071,619</u>	\$ <u>5,302,418</u>	\$ <u>5,069,058</u>	\$ <u>4,998,760</u>	\$ <u>4,985,435</u>
E. OPEB contributions as a percentage of covered payroll	7.80%	7.49%	7.66%	7.79%	8.29%	7.27%

DELTA - SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2023

Required Schedule Information - Schedules presented on pages 53 - 56 are required to present ten years of data. These schedules will be updated on an annual basis until ten years of information is available and provided.

Pension Plan - There were no significant changes in pension benefit terms or plan assumptions for each of the reported plan years ended September 30, except for the following:

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by .25%

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by .45%.

2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by .50%.

OPEB Plan Benefits - There were no significant changes in OPEB benefit terms or plan assumptions for each of the reported plan years ended September 30, except for the following:

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by .20%

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by .35%.0

OTHER SUPPLEMENTAL INFORMATION

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

For the year ended June 30, 2023

	Clear Lake Fund	Student Activity Fund	Major Maintenance Fund	Total
Assets				
Cash and investments	\$ 154,744	\$ 74,290	\$ 719,186	\$ 948,220
Accounts receivable	1,985	-	-	1,985
Prepaid items	1,184	-	-	1,184
Total assets	<u>157,913</u>	<u>74,290</u>	<u>719,186</u>	<u>951,389</u>
Liabilities				
Accounts payable	754	-	-	754
Unearned revenue	10,457	-	-	10,457
Due to other funds	-	43,597	-	43,597
Total liabilities	<u>11,211</u>	<u>43,597</u>	<u>-</u>	<u>54,808</u>
Fund Balances				
Nonspendable	1,184	-	-	1,184
Assigned	145,518	30,693	719,186	895,397
Total fund balances	<u>146,702</u>	<u>30,693</u>	<u>719,186</u>	<u>896,581</u>
Total liabilities and fund balances	<u>\$ 157,913</u>	<u>\$ 74,290</u>	<u>\$ 719,186</u>	<u>\$ 951,389</u>

See accompanying notes to financial statements.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS**

For the year ended June 30, 2023

	Clear Lake Fund	Student Activity Fund	Major Maintenance Fund	Total
Revenue				
Local sources	\$ 62,764	\$ 81,757	\$ 20,601	\$ 165,122
Interdistrict sources	12,500	-	-	12,500
Total revenue	<u>75,264</u>	<u>81,757</u>	<u>20,601</u>	<u>177,622</u>
Expenditures				
Supporting services	88,798	92,967	-	181,765
Total expenditures	<u>88,798</u>	<u>92,967</u>	<u>-</u>	<u>181,765</u>
Excess of Revenue (Under) Over Expenditures	(13,534)	(11,210)	20,601	(4,143)
Other Financing (Uses) Sources				
Transfers in	12,500	-	180,000	192,500
Net Change in Fund Balances	(1,034)	(11,210)	200,601	188,357
Fund Balances - Beginning of year	<u>147,736</u>	<u>41,903</u>	<u>518,585</u>	<u>708,224</u>
Fund Balances - End of year	<u>\$ 146,702</u>	<u>\$ 30,693</u>	<u>\$ 719,186</u>	<u>\$ 896,581</u>

See accompanying notes to financial statements.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CLEAR LAKE FUND**

For the year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Local sources	\$ 43,500	\$ 67,564	\$ 62,764	\$ (4,800)
Interdistrict sources	12,500	12,500	12,500	-
Total revenue	<u>56,000</u>	<u>80,064</u>	<u>75,264</u>	<u>(4,800)</u>
Expenditures				
Supporting services:				
Instructional staff	59,000	83,014	68,646	14,368
General administration	150	155	155	-
Business	2,300	2,275	1,898	377
Operations and maintenance	14,230	18,800	18,031	769
Central	200	200	68	132
Total support services	<u>75,880</u>	<u>104,444</u>	<u>88,798</u>	<u>15,646</u>
Total expenditures	<u>75,880</u>	<u>104,444</u>	<u>88,798</u>	<u>15,646</u>
Excess of Revenue (Under) Over Expenditures	(19,880)	(24,380)	(13,534)	10,846
Other Financing (Uses) Sources				
Transfers in	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	-
Net Change in Fund Balances	(7,380)	(11,880)	(1,034)	10,846
Fund Balances - Beginning of year	<u>140,030</u>	<u>147,736</u>	<u>147,736</u>	-
Fund Balances - End of year	<u>\$ 132,650</u>	<u>\$ 135,856</u>	<u>\$ 146,702</u>	<u>\$ 10,846</u>

See accompanying notes to financial statements.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STUDENT ACTIVITY FUND**

For the year ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Local sources	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 81,757</u>	<u>\$ 16,757</u>
Total revenue	<u>65,000</u>	<u>65,000</u>	<u>81,757</u>	<u>16,757</u>
Expenditures				
Supporting services: Other	<u>65,000</u>	<u>65,000</u>	<u>92,967</u>	<u>(27,967)</u>
Total Expenditures	<u>65,000</u>	<u>65,000</u>	<u>92,967</u>	<u>(27,967)</u>
Net Change in Fund Balances	-	-	(11,210)	(11,210)
Fund Balances - Beginning of year	<u>44,950</u>	<u>41,903</u>	<u>41,903</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 44,950</u>	<u>\$ 41,903</u>	<u>\$ 30,693</u>	<u>\$ (11,210)</u>

See accompanying notes to financial statements.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MAJOR MAINTENANCE FUND**

For the year ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Local sources	\$ 500	\$ 500	\$ 20,601	\$ 20,101
Total revenue	<u>500</u>	<u>500</u>	<u>20,601</u>	<u>20,101</u>
Expenditures				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue (Under) Over Expenditures	500	500	20,601	20,101
Other Financing (Uses) Sources				
Transfers in	<u>80,000</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>
Net Change in Fund Balances	80,500	180,500	200,601	20,101
Fund Balances - Beginning of year	<u>517,800</u>	<u>518,585</u>	<u>518,585</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 598,300</u>	<u>\$ 699,085</u>	<u>\$ 719,186</u>	<u>\$ 20,101</u>

See accompanying notes to financial statements.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

**SCHEDULE OF TAXABLE VALUATIONS
TAX RATES AND TAX LEVIES**

For the year ended June 30, 2023

	State Taxable Valuation	Tax Rate Per \$1,000 Valuation	Levy
Baldwin Township	\$ 36,755,281	2.3851	\$ 87,665
Bark River Township	46,704,782	2.3851	111,396
Bay de Noc Township	30,631,983	2.3851	73,060
Brampton Township	33,423,121	2.3851	79,717
Cornell Township	26,246,629	2.3851	62,601
Ensign Township	35,990,980	2.3851	85,842
Escanaba Township	126,662,178	2.3851	302,102
Fairbanks Township	100,727,031	2.3851	240,244
Ford River Township	79,317,988	2.3851	189,181
Garden Township	61,711,993	2.3851	147,189
Maple Ridge Township	31,168,277	2.3851	74,339
Masonville Township	73,282,864	2.3851	174,787
Nahma Township	41,656,675	2.3851	99,355
Wells Township	164,827,144	2.3851	393,129
Escanaba City	323,097,519	2.3851	770,620
Gladstone City	118,741,671	2.3851	283,211
Ewing Township	11,201,335	2.3851	26,716
Turin Township	6,302,813	2.3851	15,033
Wells Township-Marquette Co	3,204,337	2.3851	7,643
Harris Township	43,497,812	2.3851	103,747
Doyle Township	48,745,004	2.3851	116,262
Germfask Township	18,701,678	2.3851	44,605
Hiawatha Township	72,922,582	2.3851	173,928
Inwood Township	47,340,509	2.3851	112,912
Manistique Township	43,896,705	2.3851	104,698
Mueller Township	39,354,276	2.3851	93,864
Thompson Township	60,995,282	2.3851	145,480
Manistique City	56,111,069	2.3851	133,831
	TOTALS \$ 1,783,219,518		\$ 4,253,157

The levy is allocated as follows:

General Fund	0.1346	240,021
Special Education Fund	1.3502	2,407,703
Career Tech Fund	0.9003	1,605,433
	TOTALS	2.3851
		4,253,157

See accompanying notes to financial statements.

SINGLE AUDIT



*Schneider, Larche,
Haapala & Co., PLLC*

**CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS**

David P. Pechawer, C.P.A., P.C.
Denise M. Boyle, C.P.A., P.C.
Karen L. Meiers, C.P.A., P.C.

January 22, 2024

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Delta-Schoolcraft Intermediate School District
Escanaba, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delta-Schoolcraft Intermediate School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Delta-Schoolcraft Intermediate School District's basic financial statements, and have issued our report thereon dated January 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Delta-Schoolcraft Intermediate School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Delta-Schoolcraft Intermediate School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Delta-Schoolcraft Intermediate School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Delta-Schoolcraft Intermediate School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schneider, Lauche, Haapala, & Company, PLLC

Certified Public Accountants



*Schneider, Larche,
Haapala & Co., PLLC*

**CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS**

David P. Pechawer, C.P.A., P.C.
Denise M. Boyle, C.P.A., P.C.
Karen L. Meiers, C.P.A., P.C.

January 22, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education
Delta-Schoolcraft Intermediate School District
Escanaba, Michigan

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

We have audited Delta-Schoolcraft Intermediate School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Delta-Schoolcraft Intermediate School District's major federal programs for the year ended June 30, 2023. Delta-Schoolcraft Intermediate School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Delta-Schoolcraft Intermediate School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Delta-Schoolcraft Intermediate School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Delta-Schoolcraft Intermediate School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Delta-Schoolcraft Intermediate School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Delta-Schoolcraft Intermediate School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Delta-Schoolcraft Intermediate School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Delta-Schoolcraft Intermediate School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Delta-Schoolcraft Intermediate School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Delta-Schoolcraft Intermediate School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schneider, Lusche, Haspala & Company, PLLC

Certified Public Accountants

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2023

Federal Grantor/Pass-Through/Program Title	ALN	Agency or Pass-Through Number	Approved Award Amount	Prior Years Expenditures	Accrued (Deferred) Revenue 44742	Current Year Receipts	Current Year Expenditures	Current Year Revenue Recognized	Accrued (Deferred) Revenue 45107	Current Year Cash Transferred to Subrecipients
U.S. DEPARTMENT OF TREASURY										
Passed Through State Dept. of Education:										
Covid 19 Coronavirus Fiscal Recovery Funds- Great Start Readiness Grant	21.027	222390-GSRP2122	\$ 605,640	\$ 496,763	\$ 496,763	\$ 605,640	\$ 108,877	\$ 108,877	\$ -	\$ 231,690
Great Start Readiness Grant	21.027	222390-GSRP2122C	151,260	-	-	16,112	84,024	84,024	67,912	-
31p-Trails	21.027	232425 22-23	756,900	496,763	496,763	621,752	192,901	192,901	67,912	231,690
			892,857	-	-	-	267,857	267,857	267,857	-
			1,649,757	496,763	496,763	621,752	460,758	460,758	335,769	231,690
TOTAL U.S. DEPARTMENT OF TREASURY										
U.S. DEPARTMENT OF EDUCATION										
Passed Through State Dept. of Education:										
Covid 19 - Pandemic-EBT Local Costs	10.649	220980 2022	628	-	-	628	628	628	-	-
Title I Regional Assistance Grant	84.010	221570 21-22	483,405	303,837	303,837	441,630	137,793	137,793	-	361,981
Title I Regional Assistance Grant	84.010	231570 22-23	366,470	-	-	-	226,279	226,279	226,279	224,103
			849,875	303,837	303,837	441,630	364,072	364,072	226,279	586,084
Flowthrough IDEA	84.027A	210450 20-21	1,792,175	1,792,175	268,525	268,525	-	-	-	-
Flowthrough IDEA	84.027A	220450 21-22	1,807,574	1,590,577	1,066,326	1,218,001	216,997	216,997	65,322	-
Flowthrough IDEA	84.027A	230450 22-23	1,657,680	-	-	895,359	1,649,814	1,649,814	754,455	33,695
General Supervision Grant	84.027A	220493 21-22	125,400	125,400	60,134	60,134	-	-	-	-
General Supervision Grant	84.027A	230493 22-23	137,900	-	-	109,806	137,900	137,900	28,094	-
			5,520,729	3,508,152	1,394,985	2,551,825	2,004,711	2,004,711	847,871	33,695
Covid 19 - ARP Special Education Flowthrough	84.027X	221280 21-22	352,514	38,790	38,790	261,731	313,724	313,724	90,783	-
Preschool Incentive	84.173A	220460 21-22	68,915	68,915	45,392	45,392	-	-	-	-
Preschool Incentive	84.173A	230460 22-23	70,978	-	-	42,495	70,978	70,978	28,483	2,120
			139,893	68,915	45,392	87,887	70,978	70,978	28,483	2,120
Covid 19 - ARP Special Education Preschool	84.173X	221285 21-22	27,481	27,481	27,481	27,481	-	-	-	-
Total Special Education Cluster (IDEA)			6,040,617	3,643,338	1,506,648	2,928,924	2,389,413	2,389,413	967,137	35,815

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2023

Federal Grantor/Pass-Through/Program Title	ALN	Agency or Pass-Through Number	Approved Award Amount	Prior Years Expenditures	Accrued (Deferred) Revenue 44742	Current Year Receipts	Current Year Expenditures	Current Year Revenue Recognized	Accrued (Deferred) Revenue 45107	Current Year Cash Transferred to Subrecipients
CTE Perkins	84.048	223520 22122	300,874	300,874	134,715	134,715	-	-	-	44,882
CTE Perkins	84.048	223320 22191	38,800	30,803	12,718	12,718	-	-	-	-
CTE Perkins	84.048	233520 23122	317,279	-	188,227	314,847	314,847	314,847	126,620	106,224
			\$ 656,953	\$ 331,677	\$ 147,433	\$ 335,660	\$ 314,847	\$ 314,847	\$ 126,620	\$ 151,106
Infant and Toddler - Formula Grant (Early On)	84.181A	221340 21-22	71,533	71,533	71,533	71,533	-	-	-	-
Infant and Toddler - Formula Grant (Early On)	84.181A	231340 22-23	73,902	-	-	73,902	73,902	73,902	-	-
			145,435	71,533	71,533	145,435	73,902	73,902	-	-
Covid 19 - Early On American Rescue Plan	84.181X	221283 EOARP	34,770	19,015	19,015	34,770	15,755	15,755	-	-
Covid 19 - MV ARP Homeless II	84.425W	211012 2122	12,658	-	-	-	1,013	1,013	1,013	-
			7,740,936	4,369,400	2,048,466	3,887,047	3,159,630	3,159,630	1,321,049	773,005
TOTAL U.S. DEPARTMENT OF EDUCATION										
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
Passed Through State Department of Community Health:										
Medicaid Cluster:										
Medical Assistance Program: Outreach	93.778	unknown	39,408	-	-	39,408	39,408	39,408	-	12,129
			39,408	-	-	39,408	39,408	39,408	-	12,129
			39,408	-	-	39,408	39,408	39,408	-	12,129
TOTAL STATE DEPT OF COMMUNITY HEALTH PASS-THROUGH										
Passed Through State Dept. of Education:										
Project AWARE	93.243	222730 PA2022	410,600	250,746	194,606	269,107	74,501	74,501	-	-
Project AWARE	93.243	232730 PA2023	506,995	-	-	175,282	331,828	331,828	156,546	-
			917,595	250,746	194,606	444,389	406,329	406,329	156,546	-
RTT - Trusted Advisors	93.434	223910 3.622	65,000	7,764	7,764	15,058	10,559	10,559	3,265	-
Healthcare Resource Advocates	93.323	232810-HRA2023	224,000	-	-	5,603	8,645	8,645	3,042	-
			224,000	-	-	5,603	8,645	8,645	3,042	-
			1,206,595	258,510	202,370	465,050	425,533	425,533	162,853	-
TOTAL STATE DEPT OF EDUCATION PASS-THROUGH										
			1,246,003	258,510	202,370	504,458	464,941	464,941	162,853	12,129
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
			\$ 10,636,696	\$ 5,124,673	\$ 2,747,599	\$ 5,013,257	\$ 4,085,329	\$ 4,085,329	\$ 1,819,671	\$ 1,016,824
TOTAL FEDERAL AWARDS										

See Notes to Schedule of Expenditures of Federal Awards

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS

For the year ended June 30, 2023

<u>Federal Grantor/Pass-Through/Program Title</u>	<u>ALN</u>	<u>Subrecipient Award Amount</u>	<u>Subrecipient Current Year Expenditures</u>	<u>Current Year Cash Transferred To Subrecipient</u>
<u>U.S. DEPARTMENT OF TREASURY</u>				
Passed Through State Dept. of Education:				
Great Start Readiness Grant				
Passed Through To:				
Country Schoolhouse Inc.	21.027	335,380	63,616	126,420
Manistique Area Schools	21.027	130,880	36,748	105,270
Total Great Start Readiness Grant		466,260	100,364	231,690
<u>U.S. DEPARTMENT EDUCATION</u>				
Passed Through State Dept. of Education:				
Title I Regional Assistance Grant				
Passed Through To:				
Gladstone Area Schools	84.010	508,590	235,475	395,476
Rapid River Public Schools	84.010	324,940	126,421	190,608
Total Title I Regional Assistance Grant		833,530	361,896	586,084
Flowthrough IDEA				
Passed Through To:				
Escanaba Area Public Schools	84.027A	33,695	33,695	33,695
ARP Special Education Preschool				
Passed Through To:				
Escanaba Area Public Schools	84.173X	2,120	2,120	2,120
CTE Perkins				
Passed Through To:				
Marquette Alger RESA	84.048	92,135	92,135	87,031
Dickinson Iron ISD	84.048	64,075	64,075	64,075
Total CTE Perkins		156,210	156,210	151,106
MV ARP Homeless II				
Passed Through To:				
Big Bay de Noc Schools	84.425W	1,267	689	-
Rapid River Public Schools	84.425W	3,445	324	-
Total MV ARP Homeless II		4,712	1,013	-

See Notes to Schedule of Expenditures of Federal Awards

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS

For the year ended June 30, 2023

<u>Federal Grantor/Pass-Through/Program Title</u>	<u>ALN</u>	<u>Subrecipient Award Amount</u>	<u>Subrecipient Current Year Expenditures</u>	<u>Current Year Cash Transferred To Subrecipient</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through State Department of Community Health:				
Medicaid Cluster:				
Medical Assistance Program: Outreach				
Passed Through To:				
Escanaba Area Public Schools		5,663	5,663	5,663
Gladstone Area Schools		2,249	2,249	2,249
Rapid River Public Schools		234	234	234
Big Bay de Noc School District		443	443	443
Bark River-Harris School District		1,182	1,182	1,182
Mid Peninsula School District		85	85	85
Manistique Area Schools		<u>2,273</u>	<u>2,273</u>	<u>2,273</u>
	93.778	<u>12,129</u>	<u>12,129</u>	<u>12,129</u>
TOTAL PASS-THROUGH TO SUBRECIPIENTS		<u>1,508,656</u>	<u>667,427</u>	<u>1,016,824</u>

See Notes to Schedule of Expenditures of Federal Awards

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2023

NOTE A – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Delta-Schoolcraft Intermediate School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Delta-Schoolcraft Intermediate School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Delta-Schoolcraft Intermediate School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Delta-Schoolcraft Intermediate School District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – FORM R7120/GRANT AUDITOR REPORT RECONCILIATION

The amounts reported on the R7120 Grant Auditor Report, reconciles with the Schedule of Expenditures of Federal Awards.

NOTE D – EXPENDITURE AGREEMENT

The expenditures in the Schedule of Expenditures of Federal Awards are in agreement with the amounts reported in the financial statements and the financial reports for the School District.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of a major program:

Assistance Listing Number

Name of Federal Program of Cluster

84.027A
84.173A
21.027

Special Education Cluster - IDEA, General Supervision
Special Education Cluster - Preschool Incentive
Covid 19 Coronavirus Fiscal Recovery Funds-
Great Start Readiness

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2023

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

DELTA-SCHOOLCRAFT INTERMEDIATE SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2023

None.